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**FISCAL IMPACT STATEMENT**

**LS 7647**

**BILL NUMBER:** HB 1592

**NOTE PREPARED:** Jan 14, 2007

**BILL AMENDED:**

**SUBJECT:** Health Entity Infection Reporting.

**FIRST AUTHOR:** Rep. Dvorak

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ GENERAL  
☒ DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill requires the Indiana State Department of Health (ISDH) to develop a methodology for data collection, analysis, and publication related to health entity acquired infection rates. It also requires health entities to report infection rate data.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** The bill requires the ISDH to determine the list of nosocomial infections for which data will be collected. The bill provides that the list must include but is not limited to: surgical site infections, ventilator-associated pneumonia, central line infections, and urinary tract infections. The ISDH is also required to devise a methodology for annual data collection, analysis of the data, and the subsequent publication of the information. The Department is to annually report to the Legislative Council information that summarizes the reports received from the health care entities during the previous year and comparing the risk-adjusted nosocomial infection rates among the reporting providers for the current and previous years. The Department is required to promulgate rules to implement the provisions of the bill. The fiscal impact of this activity will depend on administrative decisions made by the Department and the availability of definitions and quality indicators for infection reporting.

Acute care hospitals and outpatient surgical centers are required to begin reporting the required data to the Department beginning January 1, 2008. The resources necessary to implement the data collection and analysis will be dependent upon the amount and type of data the Department determines should be collected. As a point of reference, the cancer registry, a similar type of data reporting and analysis program run by the Department, had an annual appropriation of \$237,224 for FY 2007. The state of Missouri appropriated \$200,000 to implement a similar program.

Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently

being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. In FY 2006, the Department of Health administration account reverted \$2,912,557 to the General Fund.

*Appropriation Background:* The ISDH administrative appropriations were made from the dedicated Tobacco Master Settlement Agreement Fund for FY 2006 and FY 2007. The funding source of the FY 2008 and FY 2009 ISDH administrative appropriations will be determined by the General Assembly.

*Background Information, Infection Control:* The Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) requires accredited entities to maintain an infection control function and to report sentinel events on an ongoing basis. (A sentinel event is an event that results in patient death or permanent injury or loss of function as a result of the event.) Nosocomial infections are only one type of reportable sentinel events that JCAHO tracks. The Centers for Disease Control and Prevention (CDC) works with a group of about 315 hospitals to collect data for the National Nosocomial Infections Surveillance (NNIS) System. This system, renamed the National Healthcare Safety Network (NHSN), recently expanded to include smaller hospitals with fewer infection control staff, produces nosocomial infection rates to use for comparative purposes and is available on the NNIS website. The CDC estimates that each year nearly 2 million patients in the U.S. acquire infections in hospitals, and about 90,000 die as a result of the infection. Infections are also a complication of care in other settings, such as long-term care facilities and dialysis centers.

*Background, MERS:* The Department of Health promulgated adverse event reporting regulations, effective April 1, 2006, in response to an executive order requiring the establishment of a Medical Error Reporting and Quality System (MERS). These rules require hospitals and ambulatory outpatient surgical centers to include reporting of serious adverse events for the quality assessment and improvement programs of these two types of licensed providers. Rules are also being promulgated that will include licensed birthing centers and abortion clinics in the reporting requirements as well. The reporting requirements implemented are for 27 events based on National Quality Forum standards. The requirements for reporting include events that result in death or serious disability or the occurrence of certain events. The ISDH has established an on-line reporting system to accept reports on an event-by-event basis as they are determined to be reportable. The first preliminary annual report of the information collected for CY 2006 is expected to be released in March 2007. Because not all reportable events may have been received, the final report is expected to be completed in August 2007. This reporting system was implemented with resources currently available to the Department. The Department currently has the rule-making authority to require the reporting of nosocomial infections.

**Explanation of State Revenues:** The bill provides that hospitals and ambulatory outpatient surgical centers may be subject to sanctions related to licensure status or a civil penalty of not more than \$1,000 for each day the entity is in violation. Any revenue related to fines assessed under this chapter would be dependent on circumstances and would likely not be a significant amount. Civil penalties are deposited in the General Fund.

**Explanation of Local Expenditures:** County-owned hospitals and outpatient surgical centers would be required to report nosocomial infection data to the Department of Health.

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Department of Health.

**Local Agencies Affected:** County-owned hospitals and outpatient surgical centers.

**Information Sources:** P.L. 224-2003; Joint Commission on the Accreditation of Healthcare Organizations at: <http://www.jcaho.org/about+us/news+letters/sentinal+event+alert> ; the National Nosocomial Infection Surveillance System at: <http://www.cdc.gov/ncidod/hip/NNIS/2004NNISreport.pdf> ; Indiana State Department of Health; and the *Indiana Register*, Volume 29, Number 4, January 1, 2006, LSA Document #06-73(E).

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